

Message Text

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ACTION TRSE-00

INFO OCT-01 EUR-12 EA-07 NEA-10 ISO-00 SP-02 USIA-06
AID-05 EB-08 NSC-05 SS-15 STR-04 OMB-01 CEA-01
CIAE-00 COME-00 FRB-03 INR-07 NSAE-00 XMB-02
OPIC-03 LAB-04 SIL-01 L-03 H-01 PA-01 PRS-01
IO-13 AGRE-00 /116 W
-----270845Z 008460 /12

P R 270656Z APR 77
FM AMEMBASSY MANILA
TO SECSTATE WASHDC PRIORITY 8994
INFO AMEMBASSY KATHMANDU PRIORITY
USMISSION EC BRUSSELS

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USADB
FOR NAC AGENCIES

E O 11652: ADS, DECLAS 7/27/77
TAGS: EAID, EFIN
SUBJ: PROPOSED ADB TECHNICAL ASSISTANCE FOR AGRICULTURAL
TRAINING INSTITUTE PROJECT (NEPAL)

REF: MANILA 6143 (NOTAL)

SUMMARY: ADB MANAGEMENT PROPOSES \$280,000 TECHNICAL
ASSISTANCE (TA) GRANT TO GOVT OF NEPAL FOR THE ESTABLISH-
MENT OF AN AGRICULTURAL CREDIT TRAINING INSTITUTE TO BE
ATTACHED TO THE AGRICULTURAL DEVELOPMENT BANK OF NEPAL.
PROPOSED TA GRANT WOULD BE FINANCED UNDER THE FINANCING
ARRANGEMENTS CONCLUDED WITH THE EUROPEAN ECONOMIC COM-
MUNITY ON JANUARY 7, 1977. USADB RECOMMENDS FAVORABLE
NAC ACTION. END SUMMARY.

1. ADB DOCUMENT R39-77 DESCRIBING PROPOSED TA POUCHED
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ADDRESSEES ON APRIL 26. BOARD CONSIDERATION SCHEDULED
FOR MAY 10.

2. UNDER NEPAL'S FIFTH FIVE-YEAR PLAN (1975/76 -
1979/80), AGRICULTURAL CREDIT OPERATIONS ARE TO BE MORE
THAN DOUBLED TO ACHIEVE PROJECTED 19.2 PERCENT INCREASE
IN AGRICULTURAL OUTPUT. RAPID EXPANSION OF CREDIT

ACCOUNTED FOR BY GOVT'S POLICY OF FINANCING NEEDS OF RURAL SECTOR ON LARGE-SCALE, WITH PARTICULAR EMPHASIS ON SMALL FARMERS THROUGH THE SAJHA (COOPERATIVE) PROGRAM ANNOUNCED IN MAY 1976. AGRICULTURAL DEVELOPMENT BANK OF NEPAL (ADBN) IS COUNTRY'S PRINCIPAL AGRICULTURAL DEVELOPMENT FINANCE INSTITUTION. ESTABLISHED IN 1968, ITS STAFF INCREASED FROM 108 IN 1970 TO 1,580 AT PRESENT; NUMBER OF FIELD OFFICES FROM 40 TO 133 IN SAME PERIOD. ADBN'S CREDIT REQUIREMENTS ARE EXPECTED TO EXPAND BY 30 PERCENT ANNUALLY DURING FIFTH PLAN PERIOD. AS WITH NATIONAL PROGRAM, EMPHASIS WILL INCREASINGLY BE ON LOANS TO SMALL FARMERS THROUGH COOPERATIVES AND SMALL FARMER GROUPS.

3. AT PRESENT, TRAINING OF ADBN STAFF IS ARRANGED BY INFORMATION AND TRAINING SECTION (ITS) IN DIVISION OF ADMINISTRATION, CARRIED OUT BY ADBN STAFF ON PART-TIME BASIS. STAFF OFFICERS HAVE NEITHER TIME NOR CAPACITY TO DEVELOP CREDITABLE TRAINING PROGRAMS, NOR IS THIS NEED FILLED BY OCCASIONAL TRAINING IN OTHER INSTITUTIONS. IN RECOGNITION OF NEED FOR IMPROVED TRAINING FACILITY, BANK'S THIRD AGRICULTURAL CREDIT PROJECT (LOAN NO. 295-NEP (SF), APPROVED BY ADB BOARD ON FEBRUARY 15, 1977) PROVIDED FOR STRENGTHENING OF ITS PENDING FORMULATION OF DEFINITE TRAINING PROGRAMS AND IMPLEMENTATION PROPOSALS. IN VIEW THIS PROJECT PROPOSAL, PREVIOUS AGREEMENTS COVERING ITS (SIDE LETTER 3 OF LOAN NO1 295-NEP) WILL NO LONGER APPLY AND WILL BE SUPERCEDED BY ARRANGEMENTS UNDER THIS TA.

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4. AT TIME OF VISIT OF BANK MISSION IN CONNECTION WITH THIRD AGRICULTURAL CREDIT PROJECT, NEPAL GOVT AND ADBN REQUESTED BANK TA TO ESTABLISH SEPARATE TRAINING INSTITUTE IN ADBN. CONSIDERING RELATIVELY LARGE NUMBER OF TA GRANTS ALREADY PROVIDED FOR ADBN (FOUR TA'S TOTALING \$390,000), THE BANK, WHILE RECOGNIZING NEED FOR SUCH ASSISTANCE, SUGGESTED THAT FINANCING BE SOUGHT ELSEWHERE. SUBSEQUENTLY, EUROPEAN ECONOMIC COMMUNITY (EEC) AGREED TO INCLUDE SUCH A TRAINING INSTITUTE IN ITS \$1,875,000 PROGRAM OF TECHNICAL ASSISTANCE TO THE BANK'S DMC AS APPROVED JANUARY 7, 1977. FURTHER DISCUSSIONS BETWEEN BANK AND GOVT PROCEEDED ON THIS BASIS DURING VISIT OF BANK MISSION IN FEBRUARY 1977.

5. PROPOSED TA IS AIMED AT IMPROVING TRAINING ACTIVITIES AND FACILITIES OF ITS AND UPGRADING IT TO A FULL-FLEDGED AGRICULTURAL CREDIT TRAINING INSTITUTE (ACTI). TA COMPRISES FOLLOWING COMPONENTS:

(A) CONSULTANT SERVICES;
(B) STAFF TRAINING ABROAD (ABOUT 18 ADBN STAFF PERSONNEL, PREFERABLY IN BANK'S DMCS, FOR PERIODS OF UP TO THREE MONTHS);
(C) PROCUREMENT OF TRAINING EQUIPMENT AND MATERIALS INCLUDING VISUAL AIDS;
(D) CONSTRUCTION OF A BUILDING FOR ACTI (WITH ACCOMMODATION FOR FIVE CLASSROOMS FOR A MAXIMUM OF 150 TRAINEES AT ONE TIME).

6. CONSULTANTS WILL BE RESPONSIBLE FOR: DETERMINATION OF SCOPE AND TYPE OF TRAINING ARRANGEMENTS REQUIRED, AND INTRODUCTION OF TRAINING METHODOLOGIES; PREPARATION

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OF CIRCULARS, MANUALS, AND OTHER TRAINING MATERIALS;
AND ASSISTANCE IN INITIAL CONDUCT OF TRAINING COURSE.
TECHNICAL PROPOSALS ARE BEING INVITED FROM A COMBINED
LIST COMPRISING BOTH CONSULTING FIRMS AND PUBLIC
INSTITUTES WITH EXPERIENCE IN AGRICULTURAL CREDIT
TRAINING. AS DISCUSSED REFTTEL, BANK IS PROCEEDING WITH
ADVANCE ISSUANCE OF INVITATIONS, WITHOUT PREJUDICE TO
BOARD DECISION, IN ORDER TO ENABLE COMPLETION OF PROJECT
BY END-MARCH 1978.

7. ITS/ACTI WILL HAVE CORE STAFF OF SIX INITIALLY,
COMPRISING DIRECTOR AND FIVE PROFESSIONAL INSTRUCTORS,

AN ADMINISTRATIVE OFFICER, AUDIO-VISUAL TECHNICIANS, AND SUPPORTING STAFF, TO BE DRAWN FROM ADBN AND /OR OTHER NEPALESE INSTITUTIONS. DIRECTOR WILL RANK EQUALLY WITH DIRECTORS OF SIX DIVISIONS IN ADBN HEAD OFFICE. TRAINING WILL BE PROVIDED TO: (I) ALL LEVELS OF ADBN STAFF IN ALL ASPECTS OF AGRICULTURAL DEVELOPMENT BANKING AND CREDIT OPERATIONS; (II) SELECT AGRICULTURAL EXTENSION STAFF AND OTHR GOVT STAFF PROVIDING SERVICES FOR AGRI-LIMITED OFFICIAL USE

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CULTURAL DEVELOPMENT; (III) MANAGEMENT STAFF OF COOPERATIVES FINANCED BY ADBN; (IV) FARM LEADERS AND KEY MEMBERS OF COOPERATIVES. BESIDES FORMULATING AND IMPLEMENTING TRAINING PROGRAMS, ITS/ACTI WILL ORGANIZE AND ADDRESS SEMINARS ON PROGRAMS OF ADBN, PROBLEMS OF IMPLEMENTATION OF PROJECTS FINANCED BY IFIS, ETC. MAXIMUM NUMBER TO BE TRAINED FROM ABOUT SECOND YEAR AFTER ESTABLISHMENT OF ACTI IS ABOUT 2,000, OF WHICH 900 ADBN STAFF, 1,000 COOPERATIVE MANAGERS, 100 SELECTED EXTENSION OFFICERS. THIS IS BELIEVED MAXIMUM NUMBER THAT CAN BE TRAINED AT ONE TIME WITHOUT DISRUPTION OF ONGOING ADBN ACTIVITIES.

8. TOTAL COST OF PROPOSED TA IS ESTIMATED AT \$332,000 OF WHICH \$236,000 FOREX COSTS APPORTIONED AS FOLLOWS: BUILDING, \$60,000; TRAINING EQUIPMENT MATERIALS (INCLUDING AUDIO-VISUAL AIDS), AND TRANSPORT VEHICLES, \$52,000; TRAINING ABROAD, \$36,000; CONSULTANT SERVICES, \$66,000; CONTINGENCIES, \$21,800. EEC WILL FINANCE ALL OF FOREX COSTS AND \$44,000 OF LOCAL COSTS (INCLUDING ALL OF THE \$40,000 LOCAL COSTS INVOLVED IN THE BUILDING). GOVT WILL FINANCE REMAINING \$52,000 LOCAL COSTS AND ANY COSTS EXCEEDING TOTAL ESTIMATE OF \$332,000.

9. ADBN, THE EXECUTING AGENCY, HAS EXECUTED SIMILAR BANK-FINANCED TA'S IN PAST, AS WELL AS LOAN PROJECTS FINANCED BY BANK. IN VIEW OF ITS PAST EXPERIENCE, AND WITH ASSISTANCE OF CONSULTANTS TO BE PROVIDED UNDER PROPOSED TA, IT IS CONSIDERED THAT ADBN CAN IMPLIMENT PROJECT SATISFACTORILY.

10. PROCUREMENT OF GOODS TO BE FINANCED FROM EEC FUNDS WILL BE LARGELY THROUGH INTERNATIONAL SHOPPING IN ACCORDANCE BANK'S GUIDELINES. SUPPLY CONTRACTS FOR EQUIPMENT AND MATERIALS WILL BE AWARDED ON BASIS BIDS OR QUOTATIONS FROM REASONABLE NUMBER OF SUPPLIERS FROM MORE THAN ONE COUNTRY. HOWEVER, MINOR ITEMS AND LIMITED OFFICIAL USE

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MATERIALS WILL BE PURCHASED IN NEPAL ON BASIS QUOTATIONS
FROM REASONABLE NUMBER OF LOCAL SUPPLIERS.

11. PROPOSED TA WILL SIGNIFICANTLY INCREASE NUMBER OF
TRAINED PROFESSIONAL AND OTHER STAFF NEEDED TO EXPAND AND
IMPROVE FINANCING AND MANAGEMENT OPERATIONS OF ADBN.
PROJECT IS LOGICAL CONTINUATION OF SUPPORT GIVEN ADBN
IN FORM OF TA GRANTS AND LOANS SINCE 1968, AND ITS
IMPLEMENTATION WILL IMPROVE ADBN'S CAPACITY IN CARRYING
OUT BANK-FINANCED AGRICULTURAL CREDIT PROJECTS.
USADB SUPPORTS PROPOSED TA AND RECOMMENDS FAVORABLE
NAC ACTION.

12. REQUEST AMEMBASSY KATHMANDU'S COMMENTS FOR NAC AGENCIES,
INFO USADB MANILA, PURSUANT TO STATE 119795 DATED 3
JULY 1972.
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Message Attributes

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Disposition Approved on Date:
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